

ALERT!

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## ALERT #122

TO: Department Controllers, Fiscal Officers and Other Interested Parties

FROM: Arthur L. Barnhart *alb*  
State Controller

DATE: June 17, 1999

SUBJECT: *Personal Vehicle Mileage Reimbursement Rate Increase*  
*Requests for State Fiscal Rule Waivers*  
*Transfer and Overexpenditure Extension Bill Passes*  
*GASB Approves Statement 34 - Basic Financial Statements and Management Discussion*  
*and Analysis for State and Local Governments*  
*Suggested Language for Disclosures in Separately Issued Financial Statements*  
*COFRS Chart of Accounts*  
*Central Collection's Client Inventory Reports*  
*New Field Accounting Services Team Agency Assignments*

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### Personal Vehicle Mileage Reimbursement Rate Increase

HB98-1037 amended CRS 24-9-104 to read:

(2) On and after July 1, 1999, state officers and employees shall be allowed mileage fees of twenty-eight cents per mile for each mile actually and necessarily traveled while on official state business and, when authorized to be utilized and necessary for official state business, thirty-two cents per mile for four-wheel-drive vehicles and forty cents per nautical mile for privately owned aircraft.

HB98-1037 made the effective date contingent on the appropriation of funds for these increases. The State Controller's Office has been notified by both the JBC and OSPB that this condition has been met and reimbursement at the higher rate should begin July 1, 1999.

### Requests for State Fiscal Rule Waivers

The state controller has recently delegated to John Ivy, manager of the Central Accounting Operations Section, the authority to approve requests for State Fiscal Rule waivers and to approve contracts issued in violation of state statutes. In order to provide better customer service and faster turnaround time, please address State Fiscal Rule waiver requests and requests for approval of state contracts issued in violation of state statutes to Mr. Ivy. He can be reached by mail at the State Controller's Office, by e-mail at john.ivy@state.co.us, by fax at 303-866-3569, and by phone at 303-866-3765.



### Transfer and Overexpenditure Extension Bill Passes

The sunset dates for both the transfer and overexpenditure statutes have been extended for five years by SB99-227. This bill has also added language that defines an overexpenditure as being in excess of the total appropriation or not supported by sufficient revenue or fund balance. This relegates the "color of money" violations to the status of a "technical violation." Technical violations will be reported separately from the annual overexpenditure letter and will not subject the line to restriction in the subsequent year. This new definition will be applied during this year's close. Questions about the impact of SB99-227 may be addressed to your FAST representative.

### GASB Approves Statement 34 - Basic Financial Statements and Management Discussion and Analysis for State and Local Governments

On June 10, 1999 the Governmental Accounting Standards Board (GASB) unanimously approved the new reporting model for state and local governments. The new rule requires recording infrastructure assets (roads, bridge, sewers, etc.). An analytical overview of the governmental entity, called "Management Discussion and Analysis", and direct method statements of cash flows are new requirements of Statement 34. The most notable change will be the statements that combine all the assets and activities of the government entity on a full accrual basis. The new statement of activities reports expenses and revenues in a format that focuses on the net cost of each of the government functions. Use of the new reporting model is required for fiscal years beginning after June 2001. An exposure draft of the college and university reporting model is scheduled to be released for comment June 30, 1999.

### Suggested Language for Disclosures in Separately Issued Financial Statements

The following suggested language for Deferred Compensation and Y2K disclosure and should be altered as necessary to meet the agency's situation.

#### **NOTE XX. EMPLOYEE DEFERRED COMPENSATION**

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan uses a third party administrator and all costs of administration and funding are borne by the plan participants. Due to changes in the Internal Revenue Code and state statute, the deferred compensation plan which was previously reported in an agency fund, is now reported in an expendable trust fund. The assets of the plan are not assets of the state or (insert agency), but are held in trust for the exclusive benefit of plan participants and their beneficiaries. The state and (insert agency) have no liability for losses under the plan but do have the duty of due care that is required of a fiduciary agent.

#### **REQUIRED SUPPLEMENTARY INFORMATION – YEAR 2000 PREPARATIONS (Unaudited)**

The year 2000 issue arises because most computer software programs allocate two digits to the year date field on the assumption that the first two digits will be 19. Without reprogramming, such programs may interpret the year 2000 as the year 1900. In addition, some programs may be unable to recognize the year 2000 as a leap year.

The year 2000 issue may affect electronic equipment containing computer chips that have date recognition features – such as, environmental systems, elevators, and vehicles – as well as computer software programs. In addition, the year 2000 issue affects not only computer applications and equipment under the (insert agency)'s direct control but also the systems of other entities with which the (insert agency) transacts business. Some of the (insert agency)'s systems

and equipment affected by the year 2000 issue are critical to the continued and uninterrupted operations of (insert agency).

Because of the unprecedented nature of the year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot guarantee that the (insert agency) is or will be year 2000 ready, that the (insert agency)'s remediation efforts will be successful in whole or in part, or that parties with whom the (insert agency) does business will be year 2000 ready.

In early 1997, the legislature directed the Office of State Planning and Budgeting (OSPB) and the Commission on Information Management (IMC) to assess and report on the cost of year 2000 readiness preparations. The IMC developed a process for assessing and monitoring year 2000 project progress. It has asked state agencies that are not higher education institutions to report on completion of stages for each critical system. Higher education institutions report similar information directly to the Joint Budget Committee of the legislature.

At June 30, 1999, the (insert agency) has \$xxx,xxx committed to the various projects through contracts with parties external to the state.

At any given time, work on the year 2000 issue with respect to each system deemed critical falls predominantly in one of the following stages:

- *Awareness stage* – Establishing a budget and project plan for dealing with the year 2000 issue.
- *Assessment stage* – Identifying the systems and components for which year 2000 work is needed.
- *Remediation stage* – Making changes to systems and equipment.
- *Validation/Testing stage* – Validating and testing changes that were made during the remediation stage.

Completion of any or all of the stages does not mean the (insert agency)'s systems are or will be year 2000 ready or compliant.

The (insert agency) identified xxx systems in its inventory, and xxx were deemed critical. The following table shows for each stage the number and percentage of total critical systems where the (insert agency) has completed work.

STAGE	NUMBER	PERCENT
Awareness	Xxx	Xxx
Assessment	Xxx	Xxx
Remediation	Xxx	Xxx
Validation/Testing	Xxx	Xxx

The (insert agency) does business with many external entities that may have year 2000 problems. The (insert agency) makes no representation that these external entities are or will be year 2000 ready or compliant. However, the (insert agency) has determined the following systems of external entities may not be year 2000 ready or compliant, and it deems the interaction with these systems to be critical.

- (Insert system description)

Additional information as to the year 2000 issue related to nonhigher-education state agencies can be obtained from the Year 2000 Project Office web site at <http://www.state.co.us/Y2K>.

The Year 2000 proposed language should appear in a separate section of the report after the notes to the financial statements and should clearly be marked unaudited.

### COFRS Chart of Accounts

Numerous changes were made to the COFRS chart of accounts that are effective for FY 1999-2000. The SCO has changed the appropriate COFRS tables to reflect the new or revised codes. The changes made to the chart are not effective until July 1, 1999. Agencies should continue to use the chart of accounts issued with the FY98-99 Open/Close Instructions. If you have any questions regarding the appropriate use of specific accounts, please contact your accounting specialist.

The Reporting and Analysis Section will be placing updates of the current chart of accounts on the SCO website monthly to accommodate frequent changes and then quarterly thereafter.

### Central Collection's Client Inventory Reports

The SCO and Central Collection Service (CCS) believe that all the programming bugs have been worked out of the new client inventory report. CCS is in the process of preparing and distributing the inventory report based on period 11 close information. Your agency should be receiving the report sometime the week of June 14.

Agencies are required to reconcile to the information reported by CCS. The period 11 close report should provide you with the tool to reconcile agency information to CCS. It is important that this reconciliation is completed and discrepancies or errors are identified and corrected by either the agency or CCS. Agencies should not try to use the old inventory #1 report for this purpose, nor should you try to reconcile the old report to the new report. The new inventory report will be produced and distributed the week following period 12 and period 13 close. The period 13 close inventory report should be used to complete the final reconciliation.

As a reminder, the old inventory #1 report will not be produced or distributed starting August 1, 1999. If you have any questions, please contact your accounting specialist.

The new website for Central Collection is: [http://www.state.co.us/gov\\_dir/gss/centcoll/index.htm](http://www.state.co.us/gov_dir/gss/centcoll/index.htm)

### New Field Accounting Services Team Agency Assignments

The new listing of agency assignments for the FAST is attached to this Alert and was effective June 14, 1999.

Attachment

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## Field Accounting Services Team (FAST) Agency Assignments

(Effective 6/14/99)

LINDA BRADLEY		866-4162
UNC	B	GKA
TRANSPORTATION	B	HAA
HUMAN SERVICES	D	IHA-ILF
LEGISLATIVE BRANCH	R	MAA-MEA
HEALTH CARE POLICY & FIN	D	UHA

ROGER CUSWORTH		866-3891
PERSONNEL	L	AAA-ARA
LAW	D	LAA
PUBLIC HEALTH & ENV	L	FAA
CU	B	GFA-GFE
COMM. COLLEGES	B	GJA-GJM
AHEC	B	GMA
CONTROLLER	L	999

FIELD ACCOUNTING SERVICES ACCOUNTANT	
DOTTIE RELAFORD	866-4165

Back up persons are noted by the letter  
in the column to the right of the agency name.

Bob Haberkorn	B
Dianne Stump	D
Linda Bradley	L
Roger Cusworth	R

BOB HABERKORN		866-2626
EDUCATION	L	DAA-DBA
SBA UNIVERSITIES	R	GGA-GGJ
CHILDREN'S TRUST	R	GNA
MINES	R	GLA
PUBLIC SAFETY	L	RAA
REGULATORY AGENCIES	L	SAA-SLA
REVENUE	D	TAA-TGA

DIANNE STUMP		866-3890
CORRECTIONS	R	CAA-CIA
GOVERNOR'S OFFICE	L	EAA-EFA
CCHE/PRIV OCC ED	R	GAA/GPA
ARTS & HUMANITIES	R	GBA
HISTORICAL SOCIETY	R	GCA
STUDENT LOAN	R	GDA
NATURAL RESOURCES	R	PXX
CO ADVANCE TECH INST.	R	GEA
TREASURY	L	WAA

DAVE GRIER		866-4161
AGRICULTURE	R	BXX
STATE COLLEGES	B	GHX
JUDICIAL	L	JXX
LABOR & EMPLOYMENT	D	KXX
LOCAL AFFAIRS	R	NXX
MILITARY AFFAIRS	D	OXX
SECRETARY OF STATE	D	VXX